

SENATE BILL 1348
By Bryson

AN ACT to amend Tennessee Code Annotated, Section 9-21-151, relative to the issuance and sale of bonds and notes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-151(a)(1), is amended by adding a period (.) after the language "comptroller of the treasury" in the third sentence thereof and deleting the remainder of the sentence.

SECTION 2. Tennessee Code Annotated, Section 9-21-151(a)(2), is amended by inserting the language "loan agreements," after the language "debentures,".

SECTION 3. Tennessee Code Annotated, Section 9-21-151(b)(1), is amended by deleting such subdivision in its entirety and by substituting instead the following new subdivisions and redesignating existing subdivisions accordingly:

(b)

(1) With respect to debt obligations other than loan agreements and lease purchase agreements, before any person or entity enters into a financial advisory contract with a public entity relative to the issuance of a debt obligation or enters into a purchase agreement or placement agreement with a public entity under which such person or entity acts as an underwriter or placement agent of a debt obligation, such person or entity shall first file with the public entity obligated to pay principal of and interest on such debt obligation the estimated costs of issuance and the itemized estimated annual costs for such debt obligation, including financial advisory fees, bond counsel fees, other legal fees, paying agent and registrar fees, sponsorship fees, administrative fees, trustee fees,

administrator fees, credit enhancement fees, liquidity fees, remarketing agent fees, credit facility fees, auction agent fees, rating agency fees, underwriter's discount, placement agent fees, fees and expenses paid to the public entity making the loan or lease-purchase agreement and to its legal counsel, printing and advertising fees, consulting fees, and all other expenses. The filing shall be made in accordance with the procedures adopted by the state funding board in consultation with an advisory committee.

(2) Before a public entity enters into a loan agreement or lease purchase agreement with another public entity, any person or entity acting as financial advisor or underwriter for the debt obligations issued to fund such loan agreement or lease purchase agreement or the loan or lease program administrator shall first file with the public entity obligated to pay principal of and interest on such loan agreement or lease purchase agreement the estimated costs of issuance, fees and expenses paid to the public entity making the loan or lease-purchase agreement and to its legal counsel, and the itemized estimated annual costs for such debt obligation, including financial advisory fees, bond counsel fees, other legal fees, paying agent and registrar fees, sponsorship fees, administrative fees, trustee fees, administrator fees, credit enhancement fees, liquidity fees, remarketing agent fees, credit facility fees, auction agent fees, rating agency fees, underwriter's discount, placement agent fees, fees and expenses paid to the public entity making the loan or lease-purchase agreement and to its legal counsel, printing and advertising fees, consulting fees, and all other expenses. The filing shall be made in accordance with the procedures adopted by the state funding board in consultation with an advisory committee.

SECTION 4. Tennessee Code Annotated, Section 9-21-151(b)(3), is amended by deleting the period at the end of the sentence and by adding the following language: "and in the case of a loan agreement or lease agreement between the public entities, either the financial adviser, underwriter, placement agent or loan or lease administrator as designated by the public entity obligated to pay principal and interest under the loan agreement or lease agreement."

SECTION 5. Tennessee Code Annotated, Section 9-21-151(b)(5) is amended by deleting such subdivision in its entirety and by substituting instead the following:

(b)

(5) If any filing required by this subsection is not made, the financial adviser, underwriter, placement agent, or loan administrator, whichever is responsible for the filing, shall not be entitled to receive any fees or other compensation above the amount that is normal and customary for such services in connection with the issuance of the debt obligation with respect to which a required filing was not made. If the financial adviser, underwriter, placement agent or loan administrator receives any fees or other compensation for a debt obligation with respect to which a required filing has not been made, the public entity may recover, by legal action if necessary, such additional fees or other compensation from the party that was responsible for making the filing.

SECTION 6. This act shall take effect upon becoming law, the public welfare requiring it.